

1	BEFORE THE ARIZONA CORPORATION
2	
3	Chairman JIM IRVIN APR 1 8 2000 Commissioner
4	WILLIAM A. MUNDELL Commissioner
5	[NAC]
6	IN THE MATTER OF TUCSON ELECTRIC) DOCKET NO. RE-00000C-94-0165 POWER COMPANY - APPLICATION FOR)
7	APPROVAL OF A WAIVER OF CERTAIN) DECISION NO. 62447 REQUIREMENTS OF A.A.C. R14-2-1609)
8	ORDER ORDER
9	
10	Open Meeting
11	April 11 and 12, 2000 Phoenix, Arizona
12	BY THE COMMISSION:
13	FINDINGS OF FACT
14	1. Tucson Electric Power Company ("TEP") is certificated to provide electric service as
15	a public service corporation in the State of Arizona.
16	2. On January 4, 2000, TEP filed an application for a waiver of certain requirements of
17	A.A.C. R14-2-1609, a Commission rule that addresses access to transmission and distribution
18	facilities. In particular, TEP requested a waiver of Subsections D, E, and part of I.
19	3. A.A.C. R14-2-1609.D requires Affected Utilities that own or operate Arizona
20	transmission facilities to form the Arizona Independent Scheduling Administrator ("AISA"). The
21	AISA was supposed to file for approval with the Federal Energy Regulatory Commission ("FERC")
22	within 60 days of this Commission's adoption of final retail electric competition rules. The final rules
23	were adopted on September 29, 1999, and R14-2-1609 required the AISA to file for FERC approval
24	on or about November 30, 1999. The AISA has not made its FERC filing.
25	4. R14-2-1609.E requires Affected Utilities that own or operate Arizona transmission
26	facilities to file a proposed AISA implementation plan with the Commission within 30 days of the
27	Commission's adoption of final Retail Electric Competition rules. TEP has not filed the proposed
28	Arizona Independent Scheduling Administrator's implementation plan.

11

19

23 || . . .

24

25

26

27

28

- 5. Part of R14-2-1609. I requires Affected Utilities and other stakeholders, under AISA 2 auspices, to develop statewide protocols for pricing and availability of services from Must-Run 3 Generating Units. These protocols are to be presented to the Commission for review and, when appropriate, approval prior to being filed with FERC in conjunction with the AISA tariff filing.
- R14-2-1609.D states that an ISA is necessary in order to provide nondiscriminatory 6 retail access and to facilitate a robust and efficient electricity market. TEP is currently working with 7 other entities to form and implement an AISA. However, the members of the AISA have not been 8 able to agree on a set of operational and administrative protocols to govern operations of the AISA. 9 TEP has requested the waiver because it believes that it can neither comply with the requirements 10 of Subsections D, E, and part of I, nor compel AISA to comply with the requirements.
- 7. Staff recognizes that the Affected Utilities may be unable to force other AISA 12 members to reach agreement. If the AISA members cannot agree on protocols to be used, then 13 alternative measures need to be put in place. Staff recommends that the Commission order TEP to 14 collaborate with the other major Arizona transmission line owners (AEPCO and APS) on a set of 15 protocols and jointly submit those protocols within fifteen days of the date of this order to the 16 Commission for review and approval. These protocols may then be used until AISA, Desert STAR, 17 or some similar appropriate organization becomes operational. TEP should also be ordered to ask 18 SRP to participate in the discussions with APS, TEP, and AEPCO.
- The protocols should include, but not be limited to, the subjects of available 20 transmission capacity calculation, transmission system transfer capabilities, committed uses of the 21 transmission system, available transfer capabilities, must-run generating units, energy imbalances, 22 energy scheduling, dispute resolution, and transmission planning.

Decision No. 62447

8

12 13

14

15

17

19

21

22 23

24

25

26

27

28

Staff believes that statewide procedures must be in place to provide nondiscriminatory 9. 2 retail access and to allow the competitive market to continue to develop. The alternative plan 3 outlined above may not be an effective long-term substitute for the AISA. Without the participation 4 of the Affected Utilities, the AISA is unlikely to be implemented. Granting TEP a waiver of R14-2-5 1609 may eliminate TEP's incentive to continue to meaningfully participate in the development of 6 the AISA protocols. Therefore, Staff recommends that TEP's application for a waiver of the 7 requirements of R14-2-1609 be denied.

- Staff recommends, however, that the Commission grant TEP an extension of time in 10. 9 which to comply with R14-2-1609. Staff recommends that the Commission extend TEP's deadline 10 for complying with R14-2-1609 to May 15, 2000. At that time, Staff can evaluate the adequacy of 11 the protocols filed by the transmission providers as well as the status of AISA.
 - Staff's recommendations as set forth in Findings of Fact 7 through 10 are reasonable 11. and should be adopted.

CONCLUSIONS OF LAW

- TEP is an Arizona public service corporation within the meaning of Article XV, 1. 16 Section 2, of the Arizona Constitution.
- The Commission has jurisdiction over TEP and over the subject matter of the 2. 18 application.
 - The Commission, having reviewed the application and Staff's Memorandum dated 3. March 29, 2000, concludes that it is in the public interest to deny the request for a waiver.

Decision No. 62447

1	ORDER
2	THEREFORE, IT IS ORDERED that the application for a waiver of portions of A.A.C. R14-
3	2-1609 is hereby denied.
4	IT IS FURTHER ORDERED that TEP's deadline for complying with R14-2-1609 is
5	extended to June 15, 2000.
6	IT IS FURTHER ORDERED that TEP collaborate with the other major Arizona transmission
7	line owners (APS and AEPCO) on a set of protocols and jointly submit those protocols by June 15,
8	2000.
9	IT IS FURTHER ORDERED that TEP shall ask SRP to participate in the discussions with
10	TEP, APS, and AEPCO.
11	IT IS FURTHER ORDERED that this Decision shall become effective immediately.
12	BY ORDER OF THE ARIZONA CORPORATION COMMISSION
13	Carl Memacen South In I fill Mill
14	CHAIRMAN COMMISSIONER COMMISSIONER
15	IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
16	Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the
17	official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this day
18	of <u>April</u> , 2000.
19	
20	Executive Secretary
21	
22	DISSENT:
23	DRS:RTW:sjs\JFW
24	A STATE OF THE STA
2 5	
26	
27	
28	